
ACTUARIAL OPINION



Select Insurance Company

IDENTIFICATION

I, Smitesh Davé, am Vice President and Chief Corporate Actuary of Select Insurance Company (the “Company”). I am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries, meeting its qualification standards for signing Actuarial Reserve Opinions. I was appointed by the Board of Directors on November 13, 2008 to render this opinion.

SCOPE

I have examined the reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2008.

The reserves in Exhibit A on which I am expressing an opinion reflect the Loss Reserve Disclosure items (8 thru 13) in Exhibit B.

In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data provided by Chris Harte, Vice President of the Company as well as data found in the Company’s current Schedule P. I evaluated that data for reasonableness and consistency. I also reconciled that data to Schedule P – Part 1 of the Company’s current Annual Statement. In other respects, my examination included such review of the actuarial assumptions and methods used and such tests of the calculations as I considered necessary.

STATEMENT OF OPINION

In my opinion, the amounts displayed in Exhibit A for the sum of items 1 and 2 as well as for the sum of items 3 and 4:

- A. Meet the requirements of the insurance laws of the State of Texas.
- B. Are consistent with reserves computed in accordance with accepted actuarial standards and principles.
- C. Make a reasonable provision in the aggregate for all unpaid loss and loss expense obligations of the Company under the terms of its contracts and agreements.

RELEVANT COMMENTS

The Company cedes 100% of its premiums, losses and loss adjustment expenses to The Travelers Indemnity Company, one of the property and casualty companies of The Travelers Companies, Inc. on which I have provided a reserve opinion. I consider these reserve balances to be fully collectible.

Major Risk Factors

Given the Company’s reinsurance arrangement with The Travelers Indemnity Company, the Company retains no net reserves. Therefore, the Company has no major risk factors.

Risk of Material Adverse Deviation

In consideration of the Company’s risk factors and the results of my review, I believe there is no risk of material adverse deviation. In making this determination, I consider 10% of statutory surplus to be material for this Company. My selection of the materiality standard is based on the fact that this opinion is prepared for the regulatory review of the Company. Other measures of materiality might be used for reserves that are being evaluated in a different context.

Other Comments

Anticipated Salvage and Subrogation

The Company has no net reserves for anticipated salvage and subrogation.

Discounting

The Company does not discount its loss and loss adjustment expense reserves.

Pools and Associations

The Company has no net participation in underwriting pools and associations.

Asbestos and Environmental Exposures

The Company has minimal potential exposure to asbestos and environmental claims on a direct basis, primarily arising from the sale of general liability insurance. There is no net exposure for this Company since 100% of its business is ceded to The Travelers Indemnity Company, its parent.

Extended Loss and Expense Reserve

The Company has no extended loss and expense reserve as disclosed in the Schedule P Interrogatories.

Retroactive Reinsurance

The Company has no contract that either has been or should have been accounted for as retroactive reinsurance.

Financial Reinsurance

The Company has no contract that either has been or should have been accounted for as financial reinsurance.

Reinsurance Collectibility

The Company cedes 100% of its loss and loss adjustment expense reserves to The Travelers Indemnity Company, one of the property and casualty companies of The Travelers Companies, Inc. on which I have provided a reserve opinion. I consider these balances to be fully collectible.

NAIC IRIS Ratios

The Company’s reserves do not produce any unusual values for the NAIC IRIS tests for One-Year Reserve Development to Surplus, Two-Year Reserve Development to Surplus, and Estimated Current Reserve Deficiency to Surplus.

Unearned Premiums for Long Duration Contracts

With minor exceptions, the Company does not write the types of policies that would be subject to the NAIC’s accounting rule for policies with coverage periods in excess of 13 months. These exceptions are not material to my opinion of the Company’s gross loss and loss adjustment expense reserves and unearned premium reserves. The Company has no net long duration unearned premium.

Uncertainty of Loss Reserve Projections

In evaluating whether the reserves make a reasonable provision for unpaid losses and loss adjustment expenses, it is necessary to project future loss and loss expense emergence and payments. Since loss reserves are subject to uncertainty with respect to future events, actual development may vary from the amount carried in the balance sheet. No warranty is expressed or implied that such variance will not occur.

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Premium Deficiency Reserve

I have determined the Company’s Premium Deficiency Reserve provision in accordance with SSAP No. 53, Property Casualty Contracts – Premiums. The amount of the reserve is disclosed on Exhibit B, line 13.1 and in Note 29 of the Company’s financial statements.

My evaluation of the Company’s reserves and the conclusions of this opinion include consideration of the uncertainty related to these factors.

DOCUMENTATION

An actuarial report and any underlying actuarial workpapers supporting the findings expressed in this Statement of Actuarial Opinion will be retained for a period of seven years in the administrative offices of the Company and be available for regulatory examination.

Smitesh Davé, Vice President and Chief Corporate Actuary
Select Insurance Company
One Tower Square
Hartford, CT 06183
(860) 277-5590
February 13, 2009

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Exhibit A: SCOPE

Loss Reserves:	Column 1 Amount
1. Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Col 1, Line 1)	\$ 0
2. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col 1, Line 3)	\$ 0
3. Reserve for Unpaid Losses – Direct and Assumed (Should equal Schedule P, Part 1, Totals from Cols. 13 and 15, Line 12 * 1000)	\$ 52,113,166
4. Reserve for Unpaid Loss Adjustment Expenses – Direct and Assumed (Should equal Schedule P, Part 1, Totals from Cols. 17, 19 and 21, Line 12 * 1000)	\$ 10,140,508
5. The Page 3 write-in item reserve, “Retroactive Reinsurance Reserve Assumed”	\$ 0
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion	NA
Premium Reserves:	Amount
7. Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts	Not Significant
8. Reserve for Net Unearned Premiums for Long Duration Contracts	\$ 0
9. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion	NA

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Exhibit B: DISCLOSURES

1.	Name of the Appointed Actuary		Davé, Smitesh
2.	The Appointed Actuary’s Relationship to the Company Enter E or C based upon the following: E if an Employee C if a Consultant		E
3.	The Appointed Actuary is a Qualified Actuary based upon what qualification? Enter F, A, M, or O based upon the following: F if a Fellow of the Casualty Actuarial Society (FCAS) A if an Associate of the Casualty Actuarial Society (ACAS) M if not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter. O for Other		F
4.	Type of Opinion, as identified in the OPINION paragraph Enter R, I, E, Q, or N based upon the following: R if Reasonable I if Inadequate or Deficient Provision E if Excessive or Redundant Provision Q if Qualified N if No Opinion		R
5.	Materiality Standard expressed in US dollars (Used to Answer Question #6)	\$	6,690,363
6.	Is there a Significant Risk of Material Adverse Deviation?	Yes [] No [x] Not Applicable []	
7.	Statutory Surplus (Liabilities, Col 1, Line 35)	\$	66,903,625
8.	Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P(should equal Part 1 Summary, Col 23, Line 12 * 1000)	\$	0
9.	Discount included as a reduction to loss reserves and loss expense reserves as reported in Schedule P 9.1 Nontabular Discount [Notes, Line 31B23, (Amounts 1, 2, 3 & 4)], Electronic Filing Cols 7, 8, 9, & 10, 9.2 Tabular Discount [Notes, Line 31B23 (Amounts 1 & 2)], Electronic Filing Cols 7 & 8.	\$ \$	0 0
10.	The net reserves for losses and expenses for the company’s share of voluntary and involuntary underwriting pools’ and associations’ unpaid losses and expenses that are included in reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines.	\$	0
11.	The net reserves for losses and loss adjustment expenses that the company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines. * 11.1 Asbestos, as disclosed in the Notes to Financial Statements (Notes, Line 32A03D, ending net asbestos reserves for current year) Electronic Filing Col 11 11.2 Environmental, as disclosed in the Notes to Financial Statements (Notes, Line 32D03D, ending net environmental reserves for current year) Electronic Filing Col 11	 \$ \$	 0 0
12.	The total claims made extended loss and expense reserve (Schedule P Interrogatories). 12.1 Amount reported as loss reserves 12.2 Amount reported as unearned premium reserves	 \$ \$	 0 0
13.	Other items on which the Appointed Actuary is providing Relevant Comment 13.1 Premium Deficiency Reserve	 \$	 0

* The reserves disclosed in item 11 above exclude amounts relating to contracts specifically written to cover asbestos and environmental exposures. Contracts specifically written to cover these exposures include Environmental Impairment Liability (post 1986), Asbestos Abatement, Pollution Legal Liability, Contractor’s Pollution Liability, Consultant’s Environmental Liability, and Pollution and Remediation Legal Liability.